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CHANGES TO COW-CALF PLAN

On October 9, my colleague Peter Elzinga announced important changes to the cow-calf stabilization plan, a part of the National Tripartite Stabilization Program for Beef Cattle established last January. The changes, which will become effective November 17, apply to the plan's late entry penalty.

Under the current rules, late entrants to the cow-calf plan — producers who did not enroll in 1986 — are subject to a penalty of 50% of their first year's coverage. Coverage is restored to 100% for each following year. As of November 17, however, the penalty for late entry will be significantly increased.

Producers enrolling in the cow-calf plan on or after November 17, 1987, will receive 25% coverage in their first year of participation, 50% coverage in the second year, 75% in the third year, and 100% in the fourth year and in subsequent years. Producers will pay full premiums during this phase-in period.

It is important to note that though these new provisions were announced in early October, they will not become effective until mid-November. The changes have been timed to allow farmers a good opportunity to join the program under the current rules.

The amendments to the cow-calf plan were developed at the request of producers already enrolled in the program. Producers were concerned that the late entry rules were too soft; they felt stronger penalties were needed to maintain the financial integrity of the plan.

In response to those concerns, the National Beef Stabilization Committee recommended changes to the program's late entry clause, and the changes were approved by all participating provinces. I am pleased that we have been able to resolve this issue in agreement with producers. Those who use the program — farmers — are in the best position to monitor its effectiveness; their input has been appreciated.

Like other stabilization programs now in effect in Canada, the cow-calf plan is market-neutral. It acts as a safety net for producers by reducing income loss caused by market changes, but it does not provide an incentive to over-produce.

Under the program, stabilization payments are made to cow-calf operators if the average market price for beef calves in the current year falls below the program support price. The payments are equal to the difference between the support price and the market price. The program support price is equal to 85% of the national average market price of fall run beef calves over the preceding 10 years, adjusted for inflation.

The stabilization plan for cow-calf is consistent with our other national stabilization programs, those for hogs, feeder cattle, slaughter cattle, lambs, sugar beets and dry edible beans, in upholding the major principles of tripartite stabilization. Producer participation in the program is voluntary, the program is actuarially sound, and the cost of program premiums is shared equally amongst producers, the federal government and the provincial government.

The Alberta Government strongly endorses the principles of national tripartite stabilization as part of our effort to provide effective, market-neutral support to the province's agriculture industry.

As a farmer myself, I am well aware of the ups and downs of cattle production. Given the cyclical nature of cattle prices, I consider the cow-calf plan a sound investment for producers. I encourage all cow-calf operators to take a good look at joining the stabilization program, and to be sure to bear in mind the November 16 cut-off date for entering the program under the original late entry provisions.

Further information on the cow-calf stabilization program and enrollment and registration forms are available at local Alberta Agriculture District Offices and from the Centralized Program Support office in Edmonton (phone 1-800-232-9479, toll free).